

MARION COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2013

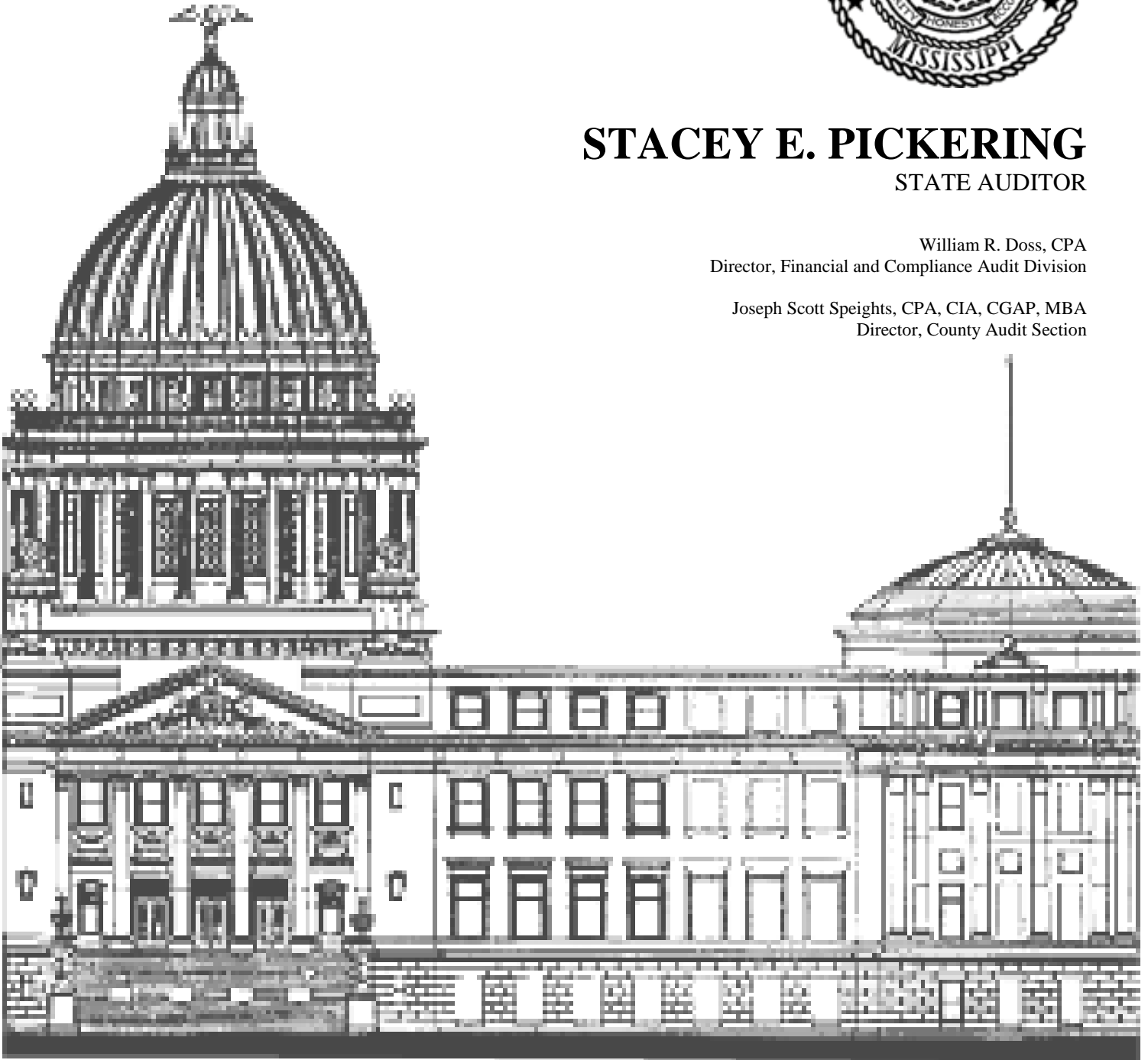


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

January 15, 2015

Members of the Board of Supervisors
Marion County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2013 financial and compliance audit report for Marion County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Marion County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Marion County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", written in a cursive style.

Stacey E. Pickering
State Auditor

MARION COUNTY

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MARION COUNTY

FINANCIAL SECTION

MARION COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Marion County, Mississippi

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Marion County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit

The financial statements do not include financial data for the County's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component unit is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component unit of Marion County, Mississippi, as of September 30, 2013, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Marion County, Mississippi, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Budgetary Comparison Schedule and corresponding notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Omission of Required Supplementary Information

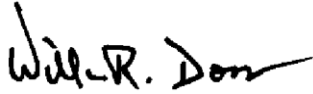
Marion County, Mississippi, has omitted the Management's Discussion and Analysis, that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marion County, Mississippi's basic financial statements. The accompanying Schedule of Surety Bonds for County Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2015, on our consideration of Marion County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marion County, Mississippi's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Will R. Dooss". The signature is written in a cursive, slightly stylized font.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

January 15, 2015

MARION COUNTY

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MARION COUNTY

FINANCIAL STATEMENTS

MARION COUNTY

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MARION COUNTY
Statement of Net Position
September 30, 2013

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 4,092,443	786,566	4,879,009
Restricted assets - investments		1,311,148	1,311,148
Property tax receivable	8,357,523		8,357,523
Accounts receivable (net of allowance for uncollectibles of \$197,856)		420,443	420,443
Fines receivable (net of allowance for uncollectibles of \$2,238,790)	487,135		487,135
Intergovernmental receivables	244,206	690,521	934,727
Other receivables	6,459	33,108	39,567
Internal balances	34,757	(34,757)	
Deferred charges - bond issuance costs		160,370	160,370
Capital assets:			
Land	663,344	60,000	723,344
Other capital assets, net	29,785,010	7,371,814	37,156,824
Total Assets	<u>43,670,877</u>	<u>10,799,213</u>	<u>54,470,090</u>
LIABILITIES			
Claims payable	540,913	167,015	707,928
Intergovernmental payables	429,091		429,091
Accrued interest payable	81,798	20,587	102,385
Deferred revenue	8,357,523		8,357,523
Unearned revenue		35,668	35,668
Other payables	114,154		114,154
Long-term liabilities			
Due within one year:			
Capital debt	594,848	668,741	1,263,589
Non-capital debt	167,059		167,059
Due in more than one year:			
Capital debt	2,812,640	5,813,327	8,625,967
Non-capital debt	1,490,000		1,490,000
Total Liabilities	<u>14,588,026</u>	<u>6,705,338</u>	<u>21,293,364</u>
NET POSITION			
Net investment in capital assets	27,040,866	949,746	27,990,612
Restricted for:			
Expendable:			
General government	45,938		45,938
Public safety	541,937	2,410,748	2,952,685
Public works	650,545	499,395	1,149,940
Culture and recreation	123,967		123,967
Economic development and assistance	11,825		11,825
Debt service	555,583	233,986	789,569
Unemployment compensation	35,822		35,822
Unrestricted	76,368		76,368
Total Net Position	<u>\$ 29,082,851</u>	<u>4,093,875</u>	<u>33,176,726</u>

The notes to the financial statements are an integral part of this statement.

MARION COUNTY
Statement of Activities
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,116,735	572,534	109,289		(3,434,912)		(3,434,912)
Public safety	3,650,762	432,130	210,572		(3,008,060)		(3,008,060)
Public works	2,751,938		990,051	125,256	(1,636,631)		(1,636,631)
Health and welfare	443,359		60,783		(382,576)		(382,576)
Culture and recreation	204,006		85,092		(118,914)		(118,914)
Conservation of natural resources	63,208				(63,208)		(63,208)
Economic development and assistance	644,905		304,000		(340,905)		(340,905)
Interest on long-term debt	267,729				(267,729)		(267,729)
Total Governmental Activities	12,142,642	1,004,664	1,759,787	125,256	(9,252,935)		(9,252,935)
Business-type activities:							
Marion/Walthall Correctional Facility	4,706,526	4,720,806				14,280	14,280
Marion County Women's Facility	987,379	837,807				(149,572)	(149,572)
Garbage and solid waste	957,040	845,119				(111,921)	(111,921)
Total Business-type Activities	6,650,945	6,403,732	0	0		(247,213)	(247,213)
Total Primary Government	\$ 18,793,587	7,408,396	1,759,787	125,256	(9,252,935)	(247,213)	(9,500,148)

MARION COUNTY
Statement of Activities
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
General revenues:							
Property taxes					\$ 8,538,458	366,063	8,904,521
Road & bridge privilege taxes					301,745		301,745
Grants and contributions not restricted to specific programs					721,799	136,985	858,784
Unrestricted interest income					10,792	2,352	13,144
Miscellaneous					828,431	278,846	1,107,277
Special item (Note 17)					2,427,516		2,427,516
Transfers					32,183	(32,183)	0
Total General Revenues, Special Item, and Transfers					12,860,924	752,063	13,612,987
Changes in Net Position					3,607,989	504,850	4,112,839
Net Position - Beginning, as previously reported					26,149,631	3,589,025	29,738,656
Prior period adjustment					(674,769)		(674,769)
Net Position - Beginning, as restated					25,474,862	3,589,025	29,063,887
Net Position - Ending					\$ 29,082,851	4,093,875	33,176,726

The notes to the financial statements are an integral part of this statement.

MARION COUNTY
Balance Sheet - Governmental Funds
September 30, 2013

Exhibit 3

	<u>Major Fund</u>		
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
ASSETS			
Cash	\$ 2,026,506	2,065,937	4,092,443
Property tax receivable	6,307,938	2,049,585	8,357,523
Fines receivable (net of allowance for uncollectibles of \$2,238,790)	487,135		487,135
Intergovernmental receivables	154,572	89,634	244,206
Other receivables	6,459		6,459
Due from other funds	55,440	138,950	194,390
Total Assets	<u>\$ 9,038,050</u>	<u>4,344,106</u>	<u>13,382,156</u>
LIABILITIES			
Liabilities:			
Claims payable	\$ 292,355	248,558	540,913
Intergovernmental payables	396,985		396,985
Due to other funds	191,739		191,739
Deferred revenue	6,795,073	2,049,585	8,844,658
Other payables	114,154		114,154
Total Liabilities	<u>\$ 7,790,306</u>	<u>2,298,143</u>	<u>10,088,449</u>
Fund balances:			
Restricted for:			
General government		45,938	45,938
Public safety		541,937	541,937
Public works		650,545	650,545
Culture and recreation		123,967	123,967
Economic development and assistance		11,825	11,825
Debt service		637,381	637,381
Unemployment compensation		35,822	35,822
Assigned to:			
General government	20,920		20,920
Economic development and assistance	368,429		368,429
Unassigned	858,395	(1,452)	856,943
Total Fund Balances	<u>\$ 1,247,744</u>	<u>2,045,963</u>	<u>3,293,707</u>
Total Liabilities and Fund Balances	<u>\$ 9,038,050</u>	<u>4,344,106</u>	<u>13,382,156</u>

The notes to the financial statements are an integral part of this statement.

MARION COUNTY

Exhibit 3-1Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2013

	<u>Amount</u>
Total Fund Balance - Governmental Funds	\$ 3,293,707
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are used in governmental activities and are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$52,291,685.	30,448,354
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	487,135
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(5,064,547)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(81,798)</u>
Total Net Position - Governmental Activities	\$ <u><u>29,082,851</u></u>

The notes to the financial statements are an integral part of this statement.

MARION COUNTY

Exhibit 4

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2013

	Major Fund	Other	Total
	General	Governmental	Governmental
	Fund	Funds	Funds
REVENUES			
Property taxes	\$ 6,466,532	2,071,926	8,538,458
Road and bridge privilege taxes		301,745	301,745
Licenses, commissions and other revenue	337,552	7,518	345,070
Fines and forfeitures	256,732		256,732
Intergovernmental revenues	802,440	1,804,402	2,606,842
Charges for services	3,189	299,178	302,367
Interest income	5,956	4,836	10,792
Miscellaneous revenues	598,941	220,489	819,430
Total Revenues	8,471,342	4,710,094	13,181,436
EXPENDITURES			
Current:			
General government	3,845,569	228,426	4,073,995
Public safety	2,695,892	929,736	3,625,628
Public works	20,000	2,437,453	2,457,453
Health and welfare	363,907		363,907
Culture and recreation	125,432	83,414	208,846
Conservation of natural resources	63,208		63,208
Economic development and assistance	204,810	369,765	574,575
Debt service:			
Principal	197,114	532,294	729,408
Interest	94,988	171,612	266,600
Total Expenditures	7,610,920	4,752,700	12,363,620
Excess of Revenues over (under) Expenditures	860,422	(42,606)	817,816
OTHER FINANCING SOURCES (USES)			
Long-term capital debt issued		60,500	60,500
Proceeds from sale of capital assets	3,500	73,414	76,914
Transfers in	76,957	101,979	178,936
Transfers out	(101,979)	(44,774)	(146,753)
Total Other Financing Sources and Uses	(21,522)	191,119	169,597
Net Changes in Fund Balances	838,900	148,513	987,413
Fund Balances - Beginning	408,844	1,897,450	2,306,294
Fund Balances - Ending	\$ 1,247,744	2,045,963	3,293,707

The notes to the financial statements are an integral part of this statement.

MARION COUNTY

Exhibit 4-1

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2013

	<u>Amount</u>
Net Changes in Fund Balances - Governmental Funds	\$ 987,413
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Thus, the change in net position differs from the change in fund balances by the amount that capital outlays of \$2,621,492 exceeded depreciation of \$701,277 in the current period.	1,920,215
In the Statement of Activities, only gains and losses from the sale of capital assets are reported, whereas in the Governmental Funds, proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the amount of the net gain of \$9,001 and the proceeds from the sale of \$76,914 in the current period.	(67,913)
Fine revenue recognized on the modified accrual basis in the funds during the current year is reduced because prior year recognition would have been required on the Statement of Activities using the full-accrual basis of accounting.	100,495
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Thus, the change in net position differs from the change in fund balances by the amount that debt repayments of \$729,408 exceeded debt proceeds of \$60,500.	668,908
Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. However, in the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. Thus, the change in net position differs from the change in fund balances by the increase in accrued interest payable.	<u>(1,129)</u>
Change in Net Position of Governmental Activities	\$ <u><u>3,607,989</u></u>

The notes to the financial statements are an integral part of this statement.

MARION COUNTY
Statement of Net Position - Proprietary Funds
September 30, 2013

Exhibit 5

	Business-type Activities - Enterprise Funds			
	Major Funds			
	Marion/Walthall Correctional Facility	Marion County Women's Facility	Garbage & Solid Waste	Total
ASSETS				
Current assets:				
Cash	\$ 362,388	303,863	120,315	786,566
Restricted assets - investments	1,311,148			1,311,148
Accounts receivable (net of allowance for uncollectibles of \$197,856)			420,443	420,443
Intergovernmental receivables	421,171	269,350		690,521
Other receivables			33,108	33,108
Due from other funds	16,197		4,673	20,870
Total Current Assets	2,110,904	573,213	578,539	3,262,656
Noncurrent assets:				
Deferred charge - bond issuance costs	119,299	41,071		160,370
Capital assets:				
Land	60,000			60,000
Other capital assets, net	5,678,195	1,234,513	459,106	7,371,814
Total Noncurrent Assets	5,857,494	1,275,584	459,106	7,592,184
Total Assets	7,968,398	1,848,797	1,037,645	10,854,840
LIABILITIES				
Current liabilities:				
Claims payable	114,245	24,293	28,477	167,015
Due to other funds	35,473	9,855	10,299	55,627
Accrued interest payable	13,466	2,421	4,700	20,587
Unearned revenue			35,668	35,668
Capital debt:				
Capital leases payable			28,508	28,508
Other long-term liabilities	508,595	100,018	31,620	640,233
Total Current Liabilities	671,779	136,587	139,272	947,638
Noncurrent liabilities:				
Capital debt:				
Capital leases payable			29,354	29,354
Other long-term liabilities	4,286,623	1,360,143	137,207	5,783,973
Total Noncurrent Liabilities	4,286,623	1,360,143	166,561	5,813,327
NET POSITION				
Net investment in capital assets	942,977	(225,648)	232,417	949,746
Restricted for:				
Debt service		233,986		233,986
Public safety	2,067,019	343,729		2,410,748
Public works			499,395	499,395
Total Net Position	\$ 3,009,996	352,067	731,812	4,093,875

The notes to the financial statements are an integral part of this statement.

MARION COUNTY

Exhibit 6

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
For the Year Ended September 30, 2013

	Business-type Activities - Enterprise Funds			
	Major Funds			
	Marion/Walthall Correctional Facility	Marion County Women's Facility	Garbage & Solid Waste	Totals
Operating Revenues				
Charges for services	\$ 4,720,806	837,807	845,119	6,403,732
Miscellaneous	196,440	2,459	79,947	278,846
Total Operating Revenues	4,917,246	840,266	925,066	6,682,578
Operating Expenses				
Personal services	2,821,214	545,025	431,782	3,798,021
Contractual services	513,601	185,385	356,361	1,055,347
Materials and supplies	938,856	189,750	133,139	1,261,745
Depreciation expense	159,919	31,780	19,700	211,399
Indirect administrative cost	35,473	9,668	10,299	55,440
Total Operating Expenses	4,469,063	961,608	951,281	6,381,952
Operating Income (Loss)	448,183	(121,342)	(26,215)	300,626
Nonoperating Revenues (Expenses)				
Property tax	283,216		82,847	366,063
Interest income	443	1,514	395	2,352
Grants & contributions not restricted to specific program	77,665		59,320	136,985
Interest expense	(226,952)	(21,208)	(5,759)	(253,919)
Amortization of deferred charges - bond issuance costs	(10,511)	(4,563)		(15,074)
Net Nonoperating Revenue (Expenses)	123,861	(24,257)	136,803	236,407
Net Income (Loss) Before Transfers	572,044	(145,599)	110,588	537,033
Transfers in		64,500		64,500
Transfers out	(64,500)		(32,183)	(96,683)
Changes in Net Position	507,544	(81,099)	78,405	504,850
Net Position - Beginning	2,502,452	433,166	653,407	3,589,025
Net Position - Ending	\$ 3,009,996	352,067	731,812	4,093,875

The notes to the financial statements are an integral part of this statement.

MARION COUNTY
Statement of Cash Flows - Proprietary Fund
For the Year Ended September 30, 2013

Exhibit 7

Business-type Activities - Enterprise Funds				
Major Funds				
	Marion/Walthall Correctional Facility	Marion County Women's Facility	Garbage & Solid Waste	Totals
Cash Flows From Operating Activities				
Receipts from customers	\$ 4,673,611	946,852	914,151	6,534,614
Payments to suppliers	(1,468,673)	(640,115)	(522,913)	(2,631,701)
Payments to employees	(2,822,140)	(362,041)	(430,519)	(3,614,700)
Other operating cash receipts	196,440	2,459	6,259	205,158
Net Cash Provided (Used) by Operating Activities	579,238	(52,845)	(33,022)	493,371
Cash Flows From Noncapital Financing Activities				
Intergovernmental grants received	77,665		59,320	136,985
Cash received from property taxes	283,271		82,451	365,722
Cash received from other funds:				
Operating transfers in		64,500		64,500
Interfund loan received		139,519		139,519
Cash paid to other funds:				
Operating transfers out	(64,500)		(32,183)	(96,683)
Interfund loan repayments	(189,388)	(9,744)	(9,223)	(208,355)
Net Cash Provided (Used) by Noncapital Financing Activities	107,048	194,275	100,365	401,688
Cash Flows From Capital and Related Financing Activities				
Proceeds of long-term debt			168,827	168,827
Acquisition and construction of capital assets	(11,171)			(11,171)
Principal paid on long-term debt	(505,000)	(95,000)	(207,248)	(807,248)
Interest paid on debt	(212,498)	(32,396)	(2,540)	(247,434)
Net Cash Provided (Used) by Capital and Related Financing Activities	(728,669)	(127,396)	(40,961)	(897,026)
Cash Flows From Investing Activities				
Interest on deposits	443	1,514	394	2,351
Net Cash Provided (Used) by Investing Activities	443	1,514	394	2,351
Net Increase (Decrease) in Cash and Cash Equivalents	(41,940)	15,548	26,776	384
Cash and Cash Equivalents at Beginning of Year	1,715,476	288,315	93,539	2,097,330
Cash and Cash Equivalents at End of Year	\$ 1,673,536	303,863	120,315	2,097,714
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 448,183	(121,342)	(26,215)	300,626
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	159,919	31,780	19,700	211,399
Provision for uncollectible accounts			(8,923)	(8,923)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable			27,884	27,884
(Increase) decrease in intergovernmental receivables	(142,355)	109,045		(33,310)
(Increase) decrease in interfund receivables	95,160			95,160
(Increase) decrease in other receivables			50,881	50,881
Increase (decrease) in claims payable	(17,142)	13,164	(32,150)	(36,128)
Increase (decrease) in unearned revenue			(74,498)	(74,498)
Increase (decrease) in interfund payables	35,473	(85,492)	10,299	(39,720)
Total Adjustments	131,055	68,497	(6,807)	192,745
Net Cash Provided (Used) by Operating Activities	\$ 579,238	(52,845)	(33,022)	493,371

The notes to the financial statements are an integral part of this statement.

MARION COUNTY
Statement of Fiduciary Assets and Liabilities
September 30, 2013

Exhibit 8

		Agency Funds
ASSETS		
Cash and investments	\$	317,962
Due from other funds		<u>32,106</u>
Total Assets	\$	<u><u>350,068</u></u>
LIABILITIES		
Amounts held in custody for others	\$	122,169
Intergovernmental payables		<u>227,899</u>
Total Liabilities	\$	<u><u>350,068</u></u>

The notes to the financial statements are an integral part of this statement.

MARION COUNTY

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MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Marion County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. Accounting principles generally accepted in the United States of America require Marion County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component unit which has significant operational or financial relationship with the County. Accordingly, the financial statements do not include the data of this component unit necessary for reporting in accordance with accounting principles generally accepted in the United States of America.

- Marion County Economic Development District

State law pertaining to County government provides for the independent election of County officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental revenues and other nonexchange revenues and are reported separately from business-type activities. Business-type activities rely mainly on fees and charges for support.

The Statement of Net Position presents the financial condition of the governmental activities and business-type activities of the County at year-end. The Government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenues not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business-type activity or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements:

MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into governmental, proprietary and fiduciary. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Proprietary Funds and Fiduciary Funds (excluding agency funds) financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of when the related cash flows take place. Property taxes are recognized as revenue in the year for which they are levied. Shared revenues are recognized when the provider government recognizes the liability to the County. Grants are recognized as revenues as soon as all eligibility requirements have been satisfied. Agency funds have no measurement focus, but use the accrual basis of accounting.

The revenues and expenses of Proprietary Funds are classified as operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's primary operations. All other revenues and expenses are reported as nonoperating.

Governmental financial statements are presented using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period when they are both measurable and available to finance operations during the year or to liquidate liabilities existing at the end of the year. Available means collected in the current period or within 60 days after year end to liquidate liabilities existing at the end of the year. Measurable means knowing or being able to reasonably estimate the amount. Expenditures are recognized in the accounting period when the related fund liabilities are incurred. Debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized only when payment is due. Property taxes, state appropriations and federal awards are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

The County reports the following major Governmental Fund:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

The County reports the following major Enterprise Funds:

Marion/Walthall Correctional Facility Fund – This fund is used to account for the County's activities of the men's correctional facility.

Marion County Women's Facility Fund – This fund is used to account for the County's activities of the women's correctional facility.

Garbage and Solid Waste Fund – This fund is used to account for the County's activities of the disposal of garbage and solid waste within the County.

MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUND TYPE

Enterprise Funds - These funds are used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits and Investments.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any County, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at fair value. However, the County did not invest in any governmental securities during the fiscal year.

F. Receivables.

Receivables are reported net of allowances for uncollectible accounts, where applicable.

G. Interfund Transactions and Balances.

Transactions between funds that are representative of short-term lending/borrowing arrangements and transactions that have not resulted in the actual transfer of cash at the end of the fiscal year are referred to as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any outstanding balances between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

H. Restricted Assets.

Proprietary Fund and component unit assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. When both restricted and nonrestricted assets are available for use, the policy is to use restricted assets first.

Proprietary Fund assets required to be held and/or used as specified in bond indentures, bond resolutions, trustee agreements, board resolutions and donor specifications have been reported as restricted assets. Certain proceeds of the County's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The "revenue" fund is used to account for all revenues of the correctional facility and to provide payment for operating and maintenance expenses as well as required monthly deposits to other accounts to meet minimum requirements of the trust agreement. The "depreciation and operating reserve" fund is used to pay the costs of major repairs and replacements to the correctional facility the costs or which are such that they should be spread over a number of years rather than charged as a current expense in a single year. The "excess revenue" fund is used to pay the costs of major repairs and replacements to the correctional facility as well as to pay operating and maintenance expense when other funds are insufficient to pay these expenses within established limitations. The "debt service reserve" account is used to report resources set aside to subsidize potential deficiencies from the County's operation that could adversely affect debt service payments. The "general" account is used to accumulate funds to pay the principal and interest payments due on the County's enterprise fund revenue bonds. When both restricted and nonrestricted assets are available for use, the policy is to use the restricted assets first.

I. Capital Assets.

Capital acquisition and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the governmental or business-type activities column in the government-wide financial statements. All purchased capital assets are stated at historical cost where records are available and at an estimated historical cost where no records exist. Capital assets include significant amounts of infrastructure which have been valued at estimated historical cost. The estimated historical cost was based on replacement cost multiplied by the consumer price index implicit price deflator for the year of acquisition. The extent to which capital assets, other than infrastructure, costs have been estimated and the methods of estimation are not readily available. Donated capital assets are recorded at estimated fair market value at the time of donation. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their respective lives are not capitalized; however, improvements are capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets acquired or constructed for Proprietary Fund operations are capitalized at cost in the respective funds in which they are utilized. No interest is capitalized on self-constructed assets because non-capitalization of interest does not have a material effect on the County's financial statements. Donated capital assets are recorded at their fair value at the time of donation.

Capitalization thresholds (dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives are used to report capital assets in the government-wide statements and Proprietary Funds. Depreciation is calculated on the straight-line basis for all assets, except land. A full year's depreciation expense is taken for all purchases and sales of capital assets during the year.

MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

The following schedule details those thresholds and estimated useful lives:

	Capitalization Thresholds	Estimated Useful Life
Land	\$ 0	N/A
Infrastructure	0	20-50 years
Buildings	50,000	40 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

* Leased property capitalization policy and estimated useful life will correspond with the amounts for the asset classification, as listed above.

J. Long-term Liabilities.

Long-term liabilities are the unmatured principal of bonds, loans, notes or other forms of noncurrent or long-term general obligation indebtedness. Long-term liabilities are not limited to liabilities from debt issuances, but may also include liabilities on lease-purchase agreements and other commitments.

In the government-wide financial statements and in the Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Funds Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the debt.

K. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as Net Position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Government fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Assigned fund balance includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not classified as nonspendable and is neither restricted nor committed. Assignments of fund balance are created by the Board of Supervisors pursuant to authorization established by Section 19-3-59, Miss. Code Ann. (1972).

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

L. Property Tax Revenues.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase.

Accounting principles generally accepted in the United States of America require property taxes to be recognized at the levy date if measurable and available. All property taxes are recognized as revenue in the year for which they are levied. Motor vehicle and mobile home taxes do not meet the measurability and collectability criteria for property tax recognition because the lien and due date cannot be established until the date of original purchase occurs.

M. Intergovernmental Revenues in Governmental Funds.

Intergovernmental revenues, consisting of grants, entitlements and shared revenues, are usually recorded in Governmental Funds when measurable and available. However, the "available" criterion applies for certain federal grants and shared revenues when the expenditure is made because expenditure is the prime factor for determining eligibility. Similarly, if cost sharing or matching requirements exist, revenue recognition depends on compliance with these requirements.

MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

N. Changes in Accounting Standards.

The County implemented the following standards issued by Governmental Accounting Standards Board (GASB in the current fiscal year as required: GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The provisions of these standards have been incorporated into the financial statements and the notes.

(2) Prior Period Adjustment.

A summary of significant fund equity adjustment is as follows:

Exhibit 2 - Statement of Activities.

Explanation	Amount
To correctly record the assets of Marion County Hospital.	\$ (674,769)

(3) Deposits and Investments.

Deposits:

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$5,196,971, and the bank balance was \$5,366,536. The collateral for public entities' deposits in financial institutions are held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

Investments:

As provided in Section 91-13-8, Miss. Code Ann. (1972), the following investments of the County are handled through a trust indenture between the County and the trustee related to the operations of the Marion/Walhall Correctional Facility.

Investments balances at September 30, 2013, are as follows:

Investment Type	Maturities	Fair Value	Rating
Hancock Horizon Treasury Securities	Less than one	\$	
Money Market Mutual Fund	year	1,311,148	AAAm

The investment in the Hancock Horizon Treasury Securities Money Market Fund is uninsured and unregistered and is not backed by the full faith and credit of the federal government.

MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, Section 19-9-29, Miss. Code Ann. (1972) limits the maturity period of any investment to no more than one year.

Credit Risk. State law limits investments to those authorized by Sections 19-9-29 and 91-13-8, Miss. Code Ann. (1972). The County does not have a formal investment policy that would further limit its investments choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. These investments are uninsured, unregistered, and held in trust accounts by the investment's counterparty on behalf of the County, not in the name of the County.

Concentration of Credit Risk. The County places no limit on the amount the County may invest in any one issuer. All of the County's investments are in the Hancock Horizon Treasury Securities Money Market Mutual Fund and are reported in the Marion/Walhall Correctional Facility Fund.

(4) Interfund Transactions and Balances.

The following is a summary of interfund balances at September 30, 2013:

A. Due From/To Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Marion/Walhall Correctional Facility	\$ 35,473
General Fund	Marion County Women's Facility	9,668
General Fund	Garbage and Solid Waste	10,299
Other Governmental Funds	General Fund	138,950
Marion/Walhall Correctional Facility	General Fund	16,010
Marion/Walhall Correctional Facility	Marion County Women's Facility	187
Garbage and Solid Waste	General Fund	4,673
Agency Funds	General Fund	32,106
Total		\$ 247,366

The General Fund receivable from the Marion/Walhall Correctional Facility, Marion County Women's Facility and Garbage and Solid Waste represents the indirect cost incurred during the year. The other Governmental Funds, Marion/Walhall Correctional Facility, Garbage and Solid Waste Fund and Agency Funds receivables from the General Fund represent the tax revenue collected in September 2013 but not settled until October 2013. All interfund balances are expected to be repaid within one year from the date of the financial statements.

B. Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 44,774
General Fund	Garbage and Solid Waste	32,183
Other Governmental Funds	General Fund	101,979
Marion County Women's Facility	Marion/Walhall Correctional Facility	64,500
Total		\$ 243,436

MARION COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Intergovernmental Receivables.

Intergovernmental receivables at September 30, 2013, consisted of the following:

Description	Amount
Governmental Activities:	
Legislative tax credit	\$ 129,979
DUI grant	24,593
Boat landing grant	45,652
State aid road funds	43,982
Total Governmental Activities	\$ 244,206
Business-type Activities:	
Reimbursement for housing prisoners	\$ 690,521

(6) Restricted Assets.

The balances of the restricted asset accounts in the enterprise funds are as follows:

Revenue fund	\$ 5,500
General account	283,477
Debt service reserve fund	356,247
Excess revenue fund	153,476
Depreciation and operating reserve fund	512,448
Total restricted assets	\$ 1,311,148

(7) Capital Assets.

The following is a summary of capital assets activity for the year ended September 30, 2013:

Governmental activities:

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments*	Balance Sept. 30, 2013
Non-depreciable capital assets:					
Land	\$ 437,844	225,500			663,344
Total non-depreciable capital assets	437,844	225,500	0	0	663,344
Depreciable capital assets:					
Infrastructure	65,208,673			(336,589)	64,872,084
Buildings	7,535,172	2,132,970		(723,122)	8,945,020
Improvements other than buildings	88,395			723,121	811,516
Mobile equipment	4,035,682	34,420	116,058	203,382	4,157,426
Furniture and equipment	9,668,456	168,102	30,011	(7,200,291)	2,606,256
Leased property under capital leases	886,223	60,500	49,500	(212,830)	684,393
Total depreciable capital assets	87,422,601	2,395,992	195,569	(7,546,329)	82,076,695

MARION COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments*	Balance Sept. 30, 2013
<u>Less accumulated depreciation</u>					
Infrastructure	43,093,232	177,626		(330,471)	42,940,387
Buildings	3,848,994	162,281		(596,534)	3,414,741
Improvements other than buildings	38,907	30,217		178,320	247,444
Mobile equipment	2,975,509	182,385	95,539	140,103	3,202,458
Furniture and equipment	8,309,396	87,170	27,662	(6,113,427)	2,255,477
Leased property under capital leases	<u>323,586</u>	<u>61,598</u>	<u>4,455</u>	<u>(149,551)</u>	<u>231,178</u>
Total accumulated Depreciation	<u>58,589,624</u>	<u>701,277</u>	<u>127,656</u>	<u>(6,871,560)</u>	<u>52,291,685</u>
Total depreciable capital assets, net	<u>28,832,977</u>	<u>1,694,715</u>	<u>67,913</u>	<u>(674,769)</u>	<u>29,785,010</u>
Governmental activities capital assets, net	<u>\$ 29,270,821</u>	<u>1,920,215</u>	<u>67,913</u>	<u>(674,769)</u>	<u>30,448,354</u>
Business-type activities:					
	Balance Oct. 1, 2012	Additions	Deletions	Adjustments*	Balance Sept. 30, 2013
<u>Non-depreciable capital assets:</u>					
Land	<u>\$ 60,000</u>				<u>60,000</u>
Total non-depreciable capital assets	<u>60,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>60,000</u>
<u>Depreciable capital assets:</u>					
Buildings	9,130,650				9,130,650
Mobile equipment	499,612				499,612
Furniture and equipment	151,989	11,171			163,160
Leased property under capital leases	<u>112,434</u>				<u>112,434</u>
Total depreciable capital assets	<u>9,894,685</u>	<u>11,171</u>	<u>0</u>	<u>0</u>	<u>9,905,856</u>
<u>Less accumulated depreciation</u>					
Buildings	1,735,703	182,616			1,918,319
Mobile equipment	433,759	6,669			440,428
Furniture and equipment	132,941	11,994			144,935
Leased property under capital leases	<u>20,240</u>	<u>10,120</u>			<u>30,360</u>
Total accumulated Depreciation	<u>2,322,643</u>	<u>211,399</u>	<u>0</u>	<u>0</u>	<u>2,534,042</u>
Total depreciable capital assets, net	<u>7,572,042</u>	<u>(200,228)</u>	<u>0</u>	<u>0</u>	<u>7,371,814</u>
Business-type activities capital assets, net	<u>\$ 7,632,042</u>	<u>(200,228)</u>	<u>0</u>	<u>0</u>	<u>7,431,814</u>

*The Adjustments were made to correctly record the assets of Marion County Hospital and the reclassification of capital leases that were paid off.

MARION COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

Depreciation expense was charged to the following functions:

	<u>Amount</u>
Governmental Activities:	
General government	\$ 73,440
Public safety	102,505
Public works	373,165
Health and welfare	79,452
Culture and recreation	2,385
Economic development and assistance	<u>70,330</u>
Total governmental activities depreciation expense	<u>\$ 701,277</u>
Business-type activities:	
Marion/Walthall Correctional Facility	\$ 159,919
Marion County Women's Facility	31,780
Garbage and Solid Waste	<u>19,700</u>
Total business-type activities depreciation expense	<u>\$ 211,399</u>

(8) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(9) Capital Leases.

As Lessee:

The County is obligated for the following capital assets acquired through capital leases as of September 30, 2013:

<u>Classes of Property</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Mobile equipment	\$ 684,393	112,434
Less: Accumulated depreciation	<u>231,178</u>	<u>30,360</u>
Leased Property Under Capital Leases	<u>\$ 453,215</u>	<u>82,074</u>

MARION COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

The following is a schedule by years of the total payments due as of September 30, 2013:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 236,426	8,541	28,508	1,718
2015	85,580	3,423	29,354	872
2016	57,966	1,350		
2017	16,077	143		
Total	\$ 396,049	13,457	57,862	2,590

(10) Short-term Debt and Liquidity.

The following is a summary of short-term debt activity for the year ended September 30, 2013:

Description of Debt	Balance Oct. 1, 2012	Additions	Reductions	Adjustments	Balance Sept. 30, 2013
General Fund	\$	750,000	750,000		
District 4 Road and Bridge Maintenance Fund		20,000	20,000		
District 5 Road and Bridge Maintenance Fund		30,000	10,000		
Total	\$ 0	800,000	800,000	0	0

During the month of November, 2012, the County issued \$750,000 of tax anticipation notes with an interest rate of 1.23% and maturity date of March 15, 2013, in order to alleviate a temporary operating cash flow deficiency in the General Fund.

During the month of November, 2012, the County issued \$20,000 of tax anticipation notes with an interest rate of 1.23% and maturity date of March 15, 2013, in order to alleviate a temporary operating cash flow deficiency in the District 4 Road and Bridge Maintenance Fund.

During the month of November, 2012, the County issued \$30,000 of tax anticipation notes with an interest rate of 1.23% and maturity date of March 15, 2013, in order to alleviate a temporary operating cash flow deficiency in the District 5 Road and Bridge Maintenance Fund.

(11) Long-term Debt.

Debt outstanding as of September 30, 2013, consisted of the following:

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
Governmental Activities:			
A. General Obligation Bonds:			
Industrial development bonds	\$ 1,565,000	4.75-5.40%	09/2024
Hospital refinancing bonds	2,890,000	3.22%	11/2021
Total General Obligation Bonds	\$ 4,455,000		

MARION COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

Description and Purpose	Amount Outstanding	Interest Rate	Final Maturity Date
B. Equipment Notes:			
District 1 Road Equipment Note	\$ 61,984	2.70%	12/2015
District 2 Road Equipment Note	15,786	3.50%	12/2014
District 2 Road Equipment Note	24,676	3.49%	12/2014
District 3 Road Equipment Note	24,676	3.49%	12/2014
District 5 Road Equipment Note	24,317	3.50%	12/2014
Total Equipment Notes	\$ 151,439		
C. Capital Leases:			
District 5 Caterpillar Motor Grader	\$ 118,117	3.39%	03/2014
District 4 2011 International Truck	32,835	3.05%	02/2016
(3) Sheriff Vehicles	41,471	2.88%	11/2014
District 4 Bobcat Excavator w/Shredding Head	35,551	2.54%	12/2014
District 4 Volvo Motor Grader	107,575	3.04%	03/2017
District 1 Daewoo Wheel Loader	60,500	3.20%	12/2015
Total Capital Leases	\$ 396,049		
D. Other Loans:			
Energy Services Agreement	\$ 62,059	4.35%	06/2014
Business-type Activities:			
A. General Obligation Bonds:			
General Obligation Bonds, Series 2009-	\$ 2,695,000	4.00-4.70%	04/2029
Marion/Walhall Correctional Facility	1,505,000	1.50-2.65%	03/2023
Series 2012 Jail Refunding Bonds			
Total General Obligation Bonds	\$ 4,200,000		
B. Limited Obligation Bonds:			
Urban renewal revenue refunding bonds-			
Marion/Walhall Correctional Facility	\$ 2,160,000	2.50-4.00%	02/2018
C. Capital Leases:			
2012 International Truck	\$ 57,862	2.97%	03/2015
D. Other Loans:			
Transfer Station	\$ 168,827	3.24%	02/2018

Pledge of Future Revenues - The County has pledged future revenues for housing inmates, net of specified operating expenses, to repay \$3,555,000 in limited obligation urban renewal revenue bonds issued in 2009. Proceeds from the bonds refunded \$3,585,000 of limited obligation urban renewal revenue bonds issued in 1998, which provided financing for the construction of the Marion/Walhall Correctional Facility. The bonds are not a general obligation of the County and, therefore, are not secured by the full faith and credit of the County. The bonds are payable solely from income derived from an inmate housing agreement with the Mississippi Department of Corrections for housing state prisoners and income received from any other governments for housing and holding prisoners and are payable through 2018. Annual principal and interest payments on the bonds are expected to require less than 11% percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,374,112. Principal and interest paid for the current year and total inmate housing net revenues were \$476,645 and \$4,720,806, respectively.

MARION COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2013

Annual debt service requirements to maturity for the following debt reported in the Statement of Net Position are as follows:

Governmental Activities:

Year Ending September 30	General Obligation Bonds	
	Principal	Interest
2014	\$ 380,000	170,511
2015	395,000	156,349
2016	410,000	141,512
2017	430,000	125,986
2018	455,000	109,549
2019 – 2023	2,195,000	275,464
2024 – 2026	190,000	10,260
Total	\$ 4,455,000	989,631

Year Ending September 30	Equipment Notes		Other Loans	
	Principal	Interest	Principal	Interest
2014	\$ 83,422	4,086	62,059	821
2015	55,285	1,297		
2016	12,732	172		
Total	\$ 151,439	5,555	62,059	821

Business-type Activities:

Year Ending September 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 225,000	146,893	405,000	73,707
2015	270,000	139,857	415,000	59,358
2016	275,000	132,307	430,000	44,247
2017	285,000	124,505	445,000	27,500
2018	290,000	116,338	465,000	9,300
2019 – 2023	1,620,000	437,710		
2024 – 2028	1,005,000	197,045		
2029 – 2031	230,000	10,810		
Total	\$ 4,200,000	1,305,465	2,160,000	214,112

Year Ending September 30	Other Loans	
	Principal	Interest
2014	\$ 31,620	5,546
2015	32,659	4,507
2016	33,731	3,434
2017	34,833	2,333
2018	35,984	1,182
Total	\$ 168,827	17,002

MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a County issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2013, the amount of outstanding debt was equal to 5.59% of the latest property assessments.

Prior Year Defeasance of Debt - In prior years, the County defeased certain business-type limited obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On September 30, 2013, \$2,560,543 of bonds outstanding were considered defeased.

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

		Balance Oct. 1, 2012	Additions	Reductions	Adjustments	Balance Sept. 30, 2013	Amount due within one year
Governmental Activities:							
General obligation bonds	\$	4,815,000		360,000		4,455,000	380,000
Equipment notes		232,922		81,483		151,439	83,422
Capital leases		540,514	60,500	204,965		396,049	236,426
Other loans		145,019		82,960		62,059	62,059
Total	\$	<u>5,733,455</u>	<u>60,500</u>	<u>729,408</u>	<u>0</u>	<u>5,064,547</u>	<u>761,907</u>
Business-type Activities:							
General obligation bonds	\$	4,315,000		115,000		4,200,000	225,000
Limited obligation bonds		2,645,000		485,000		2,160,000	405,000
Less: deferred amounts							
On refunding		(166,828)		(24,290)		(142,538)	(24,290)
For Premiums		40,820		2,903		37,917	2,903
Capital leases		85,547		27,685		57,862	28,508
Other loans		179,563	168,827	179,563		168,827	31,620
Total	\$	<u>7,099,102</u>	<u>168,827</u>	<u>785,861</u>	<u>0</u>	<u>6,482,068</u>	<u>668,741</u>

(12) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the County. No provision for any liability that may result has been recognized in the County's financial statements.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Economic Development Note Contingencies - The County issued a note payable to provide funds for constructing and improving infrastructure for the purpose of economic development. The notes are paid by the Marion County Economic Development District, a component unit of the County. However, the County remains contingently liable for the retirement of this note because the full faith, credit and taxing power of the County is secondarily pledged in case of default by the Marion County Economic Development District. The principal amount of notes payable outstanding at September 30, 2013, is \$499,412.

(13) Related Organizations.

The Marion County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Columbia-Marion County Airport Authority, but the County's accountability for this organization does not extend beyond making the appointment. The County appropriated \$20,000 for the airport's support in fiscal year 2013.

The Marion County Board of Supervisors, as authorized by Sections 19-5-151 and 19-5-223, Miss. Code Ann. (1972), created the following districts to provide fire protection services to the County: Tri-Community Fire District, Southwest Marion Fire District, South Marion Fire District, Pineburr Fire District, Foxworth Fire District, and Morgantown Fire District. The Board of Supervisors appoints the commissioners of each district, but the County's accountability for the districts does not extend beyond making the appointments. Each of these districts receives the avails of a one mill tax levy on the real property in the district with the Foxworth Fire District receiving the avails of a two mill tax levy. Marion County appropriated \$39,758 for the operations of the four districts in fiscal year 2013.

(14) Joint Venture.

The County participates in the following joint venture:

Marion County is a participant with Jefferson Davis County in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the South Mississippi Regional Library. The joint venture was created to provide library service for the Counties of Jefferson Davis and Marion, and is governed by a five-member board. The two counties rotate board appointments so that each County has a majority of board members in alternate years. Complete financial statements for the South Mississippi Regional Library can be obtained from the Marion County branch located at 900 Broad Street, Columbia, Mississippi.

(15) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Pearl River Community College operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion and Pearl River. The Marion County Board of Supervisors appoints two (2) of the sixteen (16) members of the college board of trustees. The County appropriated \$363,343 for maintenance and support of the college in fiscal year 2013.

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Marion County Board of Supervisors appoints one (1) of the nine (9) members of the board of directors. The County appropriated \$52,250 for support of the district in fiscal year 2013.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Marion County Board of Supervisors appoints one (1) of the twenty-seven (27) members of the board of directors. The County provided no financial support of the district in fiscal year 2013.

MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Pearl River Valley Opportunity, Inc. operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Marion County Board of Supervisors appoints one (1) of the twenty-four (24) members of the board of directors. The primary source of funding for the entity is derived from federal funds. Each County provides a modest amount of financial support when matching funds are required for federal grants.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Marion County Board of Supervisors appoints one (1) of the nine (9) members of the board of commissioners. The County appropriated \$66,500 for support of the entity in fiscal year 2013.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners, one (1) appointed by the Board of Supervisors of each of the member counties and one (1) appointed at large. The counties generally provide no financial support to the organization.

(16) Defined Benefit Pension Plan.

Plan Description. Marion County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$747,775, \$683,175 and \$627,381, respectively, equal to the required contributions for each year.

(17) Special Item.

In fiscal year 2013, the State of Mississippi gave the former Columbia Training School to Marion County. The land, buildings and equipment, with a value of \$2,427,516, are included in the financial statements of Marion County.

(18) Subsequent Events.

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of Marion County evaluated the activity of the County through January 15, 2015, and determined that the following subsequent events have occurred requiring disclosure in the notes to the financial statements.

MARION COUNTY

Notes to Financial Statements For the Year Ended September 30, 2013

Subsequent to September 30, 2013, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/21/2013	3.24%	\$	24,919	Equipment	District 1 Tax Revenue
11/13/2013	3.24%		88,000	Other loan	General Fund Tax Revenue
11/15/2013	2.14%		88,836	Capital lease	General Fund Tax Revenue
12/13/2013	3.20%		48,000	Capital improvements	District 3 Tax Revenue
02/21/2014	2.21%		76,500	Capital lease	District 2 Tax Revenue
06/06/2014	3.10%		75,000	Capital improvements	General Fund Tax Revenue
06/13/2014	2.79%		37,000	Equipment	District 4 Tax Revenue
07/15/2014	3.00%		715,000	MDA Loan	Tax Revenue
10/06/2014	2.20%		500,000	Capital Improvements	Tax Revenue

MARION COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

MARION COUNTY

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MARION COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2013
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,251,185	6,447,379	6,447,379	
Licenses, commissions and other revenue	400,500	339,279	339,279	
Fines and forfeitures	257,000	264,141	264,141	
Intergovernmental revenues	829,611	795,865	795,865	
Charges for services	30,000	3,190	3,190	
Interest income	21,275	6,117	6,117	
Miscellaneous revenues	348,700	622,957	622,957	
Total Revenues	<u>8,138,271</u>	<u>8,478,928</u>	<u>8,478,928</u>	<u>0</u>
EXPENDITURES				
Current:				
General government	4,201,633	3,905,659	3,905,659	
Public safety	2,492,072	2,573,803	2,573,803	
Public works	38,000	20,000	20,000	
Health and welfare	363,037	361,474	361,474	
Culture and recreation	108,065	119,122	119,122	
Conservation of natural resources	70,847	62,866	62,866	
Economic development and assistance	487,225	388,671	388,671	
Debt service:				
Principal	175,170	860,573	860,573	
Total Expenditures	<u>7,936,049</u>	<u>8,292,168</u>	<u>8,292,168</u>	<u>0</u>
Excess of Revenues over (under) Expenditures	<u>202,222</u>	<u>186,760</u>	<u>186,760</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)				
Other financing sources		1,184,206	1,184,206	
Other financing uses	<u>(150,000)</u>	<u>(445,730)</u>	<u>(445,730)</u>	
Total Other Financing Sources and Uses	<u>(150,000)</u>	<u>738,476</u>	<u>738,476</u>	
Net Change in Fund Balance	52,222	925,236	925,236	
Fund Balances - Beginning	<u>201,064</u>	<u>93,955</u>	<u>93,955</u>	
Fund Balances - Ending	<u>\$ 253,286</u>	<u>1,019,191</u>	<u>1,019,191</u>	<u>0</u>

The accompanying notes to the Required Supplementary Information are an integral part of this statement.

MARION COUNTY

Notes to the Required Supplementary Information For the Year Ended September 30, 2013 UNAUDITED

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of revenue, each general item of expenditure, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary (Non-GAAP Basis) and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund. The Budgetary Comparison Schedule - Budget and Actual (Non-GAAP Basis) is a part of required supplemental information.

C. Budget/GAAP Reconciliation.

The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles the budgetary basis schedules to the GAAP basis financial statements for the General Fund.

		Governmental Fund Type General Fund
Budget (Cash Basis)	\$	925,236
Increase (Decrease)		
Net adjustments for revenue accruals		(5,538)
Net adjustments for expenditure accruals		(67,402)
Other reconciling items:		
Interfund loans made and repaid		(13,396)
GAAP Basis	\$	838,900

MARION COUNTY

OTHER INFORMATION

MARION COUNTY

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MARION COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2013
UNAUDITED

Name	Position	Company	Bond	Bond Number
Charles Randy Dyess	Supervisor District 1	Brierfield Insurance Company	\$100,000	60006995
Terry Broome	Supervisor District 2	Brierfield Insurance Company	\$100,000	60006990
Tony Morgan	Supervisor District 3	Brierfield Insurance Company	\$100,000	60006997
Raymon Rowell	Supervisor District 4	Brierfield Insurance Company	\$100,000	60007002
Calvin Newsom, Sr.	Supervisor District 5	Brierfield Insurance Company	\$100,000	60006998
Cass Barnes	Chancery Clerk	Brierfield Insurance Company	\$100,000	60006994
Cheryl Buckley	Purchase Clerk	Brierfield Insurance Company	\$75,000	60007008
Jan Ardis	Assistant Purchase Clerk	Brierfield Insurance Company	\$25,000	3002077
Linda Roberts	Assistant Purchase Clerk	Brierfield Insurance Company	\$25,000	3002336
Sharon Johnson	Receiving Clerk	Brierfield Insurance Company	\$75,000	60007007
Charles M. Bryant	Assistant Receiving Clerk	Brierfield Insurance Company	\$50,000	60007378
Debbie S. Ashley	Assistant Receiving Clerk	Brierfield Insurance Company	\$25,000	3002334
Willie Ray Sims	Assistant Receiving Clerk	Brierfield Insurance Company	\$10,000	3006036
Michael Gerald Price	Assistant Receiving Clerk	Brierfield Insurance Company	\$10,000	60007272
Henry Douglas Holmes	Assistant Receiving Clerk	Brierfield Insurance Company	\$10,000	3006610
Dennie Wayne Fairburn	Assistant Receiving Clerk	Brierfield Insurance Company	\$10,000	3006035
Lonnie Haynes	Assistant Receiving Clerk	Travelers	\$10,000	400SG9132
Susan Bridges	Inventory Control Clerk	Brierfield Insurance Company	\$75,000	3009702
Eugene Rvals	Constable	Brierfield Insurance Company	\$25,000	60007004
Paul A. Barber	Constable	Brierfield Insurance Company	\$25,000	60007011
Janette Nolan	Circuit Clerk	Brierfield Insurance Company	\$100,000	60006999
Berkley Hall	Sheriff	Brierfield Insurance Company	\$100,000	60006996
Sharon H. Whitfield	Justice Court Judge	Brierfield Insurance Company	\$50,000	3005917
Gwendolyn W. Broom	Justice Court Judge	Brierfield Insurance Company	\$50,000	3005918
Wynette Parkman	Justice Court Clerk	Brierfield Insurance Company	\$50,000	60007005
Kelli Suzanna McNabb	Deputy Justice Court Clerk	Brierfield Insurance Company	\$50,000	60007552
Janet Echols Minor	Deputy Justice Court Clerk	Brierfield Insurance Company	\$50,000	60005850
Renee Brown	Deputy Justice Court Clerk	Travelers	\$50,000	400SE4224
Sherry S. McGowan	Tax Collector-Assessor	Brierfield Insurance Company	\$100,000	60007642
Jeffrey Broom	Sheriff's Deputy	Travelers	\$50,000	105196759
Jamie Singley	Sheriff's Deputy	Travelers	\$50,000	105196759
Jason Breeland	Sheriff's Deputy	Travelers	\$50,000	105196759
Glenn Lowery	Sheriff's Deputy	Travelers	\$50,000	105196759
Matt Brown	Sheriff's Deputy	Brierfield Insurance Company	\$50,000	3006321
Josh Messer	Sheriff's Deputy	Travelers	\$50,000	105196759
Andrew Phillips	Sheriff's Deputy	Travelers	\$50,000	105196759
Lance Poirier	Sheriff's Deputy	Travelers	\$50,000	105196759
Louis Watts, Jr.	Sheriff's Deputy	Travelers	\$50,000	105196759
Rodney McKenzie	Sheriff's Deputy	Travelers	\$50,000	105196759
Merrell Porter	Sheriff's Deputy	Travelers	\$50,000	105196759
James Ross	Sheriff's Deputy	Travelers	\$50,000	105196759
Bryan Woods	Sheriff's Deputy	Brierfield Insurance Company	\$50,000	60001706
Karla Brown	Sheriff's Deputy	Travelers	\$50,000	105196759
John Hall	Sheriff's Deputy	Travelers	\$50,000	105196759
Joey Herrington	Sheriff's Deputy	Travelers	\$50,000	105196759
Krystal Jones	Sheriff's Deputy	Travelers	\$50,000	105196759
Robert Jones	Sheriff's Deputy	Travelers	\$50,000	105196759
Bradley McDermit	Sheriff's Deputy	Travelers	\$50,000	105196759
Martha McDermit	Sheriff's Deputy	Travelers	\$50,000	105196759
Adrianne Morgan	Sheriff's Deputy	Travelers	\$50,000	105196759
Miranda Porter	Sheriff's Deputy	Travelers	\$50,000	105196759
Kevin Russell	Sheriff's Deputy	Travelers	\$50,000	105196759
Derek Smith	Sheriff's Deputy	Travelers	\$50,000	105196759
Wyndol Thornhill	Sheriff's Deputy	Travelers	\$50,000	105196759
John Vaughan	Sheriff's Deputy	Travelers	\$50,000	105196759
Mellie Williams	Sheriff's Deputy	Travelers	\$50,000	105196759
Ashley Winns	Sheriff's Deputy	Travelers	\$50,000	105196759

MARION COUNTY

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MARION COUNTY

SPECIAL REPORTS

MARION COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Marion County, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Marion County, Mississippi, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 15, 2015. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component unit which is required by accounting principles generally accepted in the United States of America to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marion County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2013-001 and 2013-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marion County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

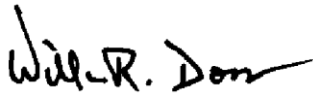
However, we noted certain matters that we reported to the management of Marion County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated January 15, 2015, included within this document.

Marion County's Responses to Findings

Marion County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Marion County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

January 15, 2015



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Marion County, Mississippi

We have examined Marion County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of Marion County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Marion County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed certain instances of noncompliance with the aforementioned code sections. These instances of noncompliance were considered in forming our opinion on compliance. Our findings and recommendations and your responses are disclosed below:

Assistant Purchase Clerk.

1. Assistant Purchase Clerk was not properly bonded.

Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Assistant Purchase Clerk to execute a bond for \$50,000. As reported in the prior year's audit report, the Assistant Purchase Clerk was not properly bonded. In the event of a loss of public funds involving the Assistant Purchase Clerk, the funds available to the County for recovery would be limited.

Recommendation

The Assistant Purchase Clerk should execute a new bond for \$50,000, as required by law.

Assistant Purchase Clerk's Response

We have made corrections with our bonding company to make the appropriate increases for these bonds.

Purchase Clerk.

2. Purchasing policies were not followed.

Finding

Section 31-7-103, Miss. Code Ann. (1972), requires a purchase requisition, purchase order and receiving report for all purchases. We noted the following exceptions:

- a. There was one instance in which the purchase requisition form did not include the date.
- b. There were three instances in which the required purchase documents were not issued in their proper time sequence.

The failure to complete purchasing documents correctly may result in the loss or misappropriation of public funds.

Recommendation

The Purchase Clerk should ensure that the required purchase documents are complete and issued in proper order.

Purchase Clerk's Response

I will make sure this problem is corrected.

Inventory Control Clerk.

3. Inadequate controls were noted over the inventory control system.

Finding

Section 31-7-107, Miss. Code Ann. (1972) requires the County to establish and maintain an inventory control system. An effective system of internal control over capital assets ensures that capital assets are reported at the correct amounts. Buildings and depreciation on buildings were overstated by \$118,551,331 and \$2,371,028 respectively on the financial statements. This overstatement consisted of a building that was added in error at \$118,670,001 and should have been added at \$118,670. An adjustment was proposed by the auditor and made with the County's approval to correct this error. The failure to report inventory at the correct amount could result in the loss or misappropriation of public funds, and could materially mistake the County's financial statement amounts.

Recommendation

The Inventory Control Clerk should ensure that all asset purchases are reconciled to capital asset additions. The clerk should ensure that depreciation calculations are accurate in the inventory system.

Inventory Control Clerk's Response

This was an erroneous keying error. I will comply with this finding in the future.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Marion County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

Marion County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended for use in evaluating the central purchasing system and inventory control system of Marion County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will-R. Doss". The signature is written in a cursive, slightly slanted style.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

January 15, 2015

MARION COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder
For the Year Ended September 30, 2013

Our test results did not identify any purchases from other than the lowest bidder.

MARION COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2013

Schedule 2

Our test results did not identify any emergency purchases.

MARION COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2013

Our test results did not identify any purchases made noncompetitively from a sole source.



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Marion County, Mississippi

In planning and performing our audit of the financial statements of Marion County, Mississippi for the year ended September 30, 2013, we considered Marion County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Marion County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated January 15, 2015, on the financial statements of Marion County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors.

1. Purpose for the interfund transfers should be included in board minutes.

Finding

Section 19-3-27, Miss. Code Ann. (1972), requires a complete and correct record to be maintained for the proceedings of the Board of Supervisors. As reported in the prior two years' audit reports, there were two interfund transfers not spread on the board minutes and purposes for all the interfund transfers were not spread on the board minutes. Failure to properly document authorization for interfund transfers by the board could result in erroneous amounts being reported and increases the possibility of the loss or misappropriation of public funds.

Recommendation

The Board of Supervisors should ensure that all interfund transfers are spread on the board minutes and include the purpose of the interfund transfers.

Board of Supervisors' Response

We have new procedures in place to assure all transfers will be spread on our minutes.

2. Collateralization procedures are not being performed.

Finding

Section 27-105-5, Miss. Code Ann. (1972), gives the responsibility to the State Treasurer for the collateralization of public deposits. However, the County is still required to perform certain duties related to the collateralization of public funds. The following duties were not performed:

- a. The County did not reconcile the information on the annual report received from the County depositories to their records.
- b. The Public Depositors Annual Report was not submitted to the State Treasurer within 30 days of fiscal year-end.

Without accurate and timely reconciliation of the annual report, the risk increases that the County's total deposits may not be properly collateralized.

Recommendation

The Board of Supervisors should ensure that the information on the annual report is reconciled to the County's records and that the annual report is submitted to the State Treasurer within 30 days of fiscal year-end.

Board of Supervisors' Response

This was an oversight on our behalf, and we will comply with this reporting in the future.

3. Constables were not sufficiently bonded.

Finding

Section 19-19-3, Miss. Code Ann. (1972), requires every Constable to execute a bond for \$50,000 to be payable conditioned and approved as provided by law. The Constables' bonds were executed for \$25,000 each. Without the proper amount of bond executed, limitations in the amount available for recovery could be imposed if a loss were to occur.

Recommendation

The Constables should be bonded at the proper amount as required by law.

Board of Supervisors' Response

We have made corrections with our bonding company to make the appropriate increases for these bonds.

4. Deputy Tax Collectors Should Be Bonded.

Finding

Section 27-1-9(a), Miss. Code Ann. (1972), requires the Deputy Tax Collectors to execute a bond for \$50,000. The Deputy Tax Collectors were not bonded. Without the proper amount of bond executed, limitations in the amount available for recovery could be imposed if a loss were to occur.

Recommendation

The Deputy Tax Collectors should be bonded at the proper amount as required by law.

Board of Supervisors' Response

We have made corrections with our bonding company to make the appropriate increases for these bonds.

5. Forms for employing retired service employees should be properly completed.

Finding

Section 25-11-127, Miss. Code Ann. (1972), requires counties hiring service retirees to notify PERS in writing by completing Form 4B, "Certification/Acknowledgement of Reemployment of Retiree" with PERS office. The Form indicates the amount that will be earned during the employment period. As reported in the prior year's audit report, there was one instance of an employee being paid more than the amount noted on Form 4B. Failure to monitor the amounts paid to retirees could result in the Mississippi Public Employees Retirement System assessing a penalty against the County.

Recommendation

The Payroll Clerk should ensure the PERS Forms 4Bs are completed and monitor the amounts paid to ensure that they are not paid more than allowed.

Board of Supervisors' Response

We will comply with this finding.

6. Tax Collector was overpaid

Finding

Section 27-3-52(3), Miss. Code Ann. (1972), allows the Tax Collector to receive an additional \$1,000 annually for receiving each certification of Track II, Evaluator I and Track II, Evaluator II. The Tax Collector received the certification of Track II, Evaluator I in August 2008 and Track II, Evaluator II in August 2012. In October 2010, the Tax Collector received an additional \$1,000 annually; however, no additional certification was obtained until August 2012. This resulted in an overpayment of \$ 3,666.48 from October 2010 to May 2014.

Recommendation

The Tax Collector should repay \$3,666.48 to the General Fund.

Board of Supervisors' Response

We have corrected Ms. McGowan's salary as of June 2014 to the correct amount of \$5,083.33. Ms. McGowan has agreed to repay General County fund \$1,833.24 or ½ the total amount due by September 30, 2014. She will repay the remaining amount of money due by September 30, 2015.

Tax Assessor/Collector.

7. Refunds should be made in a timely manner and with board approval.

Finding

Section 27-73-7, Miss. Code Ann. (1972) states the Tax Collector is authorized to refund any tax paid in error or paid in excess of the sum of taxes that are due. This refund should be made from the current settlement if the same source of funds does not exist. In order for the Tax Collector to make a refund, it must be approved and spread over the minutes the collection was made in error. During the walkthrough of the Tax Collector's Office the following was noted:

- a. As reported in the prior year's audit report, there were forty-seven unprocessed board approved refunds totaling a liability of \$22,335.85 owed to various taxpayers that dates back to March 2010.

- b. There were six unprocessed board approved refunds totaling \$2,510.37 owed various taxpayers during Fiscal Year Ending September 30, 2013.

Failure to properly refund money to taxpayers increases the liability of the Tax Collector's office and could result in the loss or misappropriation of public funds.

Recommendation

The Tax Collector should comply with the required law.

Tax Assessor/Collector's Response

Procedures have been put in place to better and more properly handle refunds.

8. One percent additional interest was not collected on payments after February 1st.

Finding

Section 27-41-9, Miss. Code Ann. (1972) states if any person fails to pay taxes levied and assessed against he or she when due, he or she is required to pay in addition to the taxes owed but also an additional 1% interest after February 1st. As reported in the prior year's audit report, during the testing of mobile home and property tax receipts, it was noted that in three out of fifteen receipts, there was no interest collected for payments after February 1st. Failure to collect interest on property receipts could result in the loss or misappropriation of County funds.

Recommendation

The Tax Assessor/Collector's Office should comply with the required law and collect interest on payments received after February 1st.

Tax Assessor/Collector's Response

Due to an error on the mobile home roll there was a delay in mailing out the mobile home statements (mailed January 30th). As a result I allowed those taxpayers additional time to pay without penalties. It shall not happen again.

The Mississippi Office of the State Auditor has taken exception to certain costs. The detail of the exception and disposition is as follows:

Exception Issued On:

Sherry McGowan. Tax Assessor/Collector

Nature of Exception:

See Board of Supervisors Finding # 6 described in this report.

Amount of Exception:

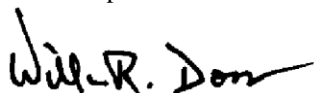
\$3,666.48

Disposition of Exception:

We have notified the Tax Assessor/Collector of this exception.

Marion County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will R. Doss". The signature is written in a cursive, slightly stylized font.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

January 15, 2015

MARION COUNTY

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MARION COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

MARION COUNTY

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MARION COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2013

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | |
| | Governmental activities | Unmodified |
| | Business-type activities | Unmodified |
| | Aggregate discretely presented component unit | Adverse |
| | General Fund | Unmodified |
| | Marion/Walthall Correctional Facility Fund | Unmodified |
| | Marion County Women's Facility Fund | Unmodified |
| | Garbage and Solid Waste Fund | Unmodified |
| | Aggregate remaining fund information | Unmodified |
| 2. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiency identified? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

- 2013-001. Discretely presented component units should be included in the financial statements.

Finding

Generally accepted accounting principles require the financial data for the County's component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for the County's legally separate component units. As reported in the prior six years' audit reports, the financial statements do not include the financial data for the County's legally separate component unit. The failure to properly follow generally accepted accounting principles resulted in an adverse opinion on the discretely presented component unit.

Recommendation

The Board of Supervisors should provide the financial data for its discretely presented component unit for the inclusion in the County's financial statements.

Board of Supervisors' Response

We will comply.

MARION COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2013

Inventory Control Clerk.

Material Weakness

2013-002. Inadequate controls were noted over the inventory control system.

Finding

An effective system of internal control over capital assets ensures that capital assets are reported at the correct amounts. Buildings and depreciation on buildings were overstated by \$118,551,331 and \$2,371,028 respectively on the financial statements. This overstatement consisted of a building that was added in error at \$118,670,001 and should have been added at \$118,670. An adjustment was proposed by the auditor and made with the county's approval to correct this error. The failure to report inventory at the correct amount could result in the loss or misappropriation of public funds, and could materially mistake the county's Financial Statement amounts.

Recommendation

The Inventory Control Clerk should ensure that all asset purchases are reconciled to capital asset additions. The clerk should ensure that depreciation calculations are accurate in the inventory system.

Inventory Control Clerk's Response

This was an erroneous keying error. I will comply with this finding in the future.